

BEST COPY

AVAILABLE
ON ALL PAGES

NIE-29
100-4-54
SNIE 100-8-58

Members, Staff Committee on U.S. Economic
Defense Policy

Captain W. E. Thorpe, Defense

Mr. Robert Wright, State

Mr. Edwin Rains, Treasury

FEB 27 1959

XXXXXX

25X1A9a

XXXXXX

FROM Marshall M. Smith

Chairman, Staff Committee on U.S. Economic Defense Policy

SUBJECT: Remainder of Staff Committee Assignment

The next meeting of the Staff Committee will be in my office at 10:00 AM, Monday, March 2. At this time we will review the draft reports which Mr. George has circulated on Points 1. and 2. of the assignment and will take up Points 3. and 4. of that assignment. Helpful questions on Points 3. and 4. are set forth later in this memorandum.

With respect to the remainder of the Staff Committee's effort I propose that a meeting be held in my office at 9:30 AM on Friday, March 6 for the purpose of approving a final report from the Staff Committee which would be delivered to Under Secretary Mueller on Tuesday morning, March 10.

Points 3. and 4. of the Staff Committee's assignment read as follow:

"3. Analyze and present for policy consideration the trends within CoCom in support of economic defense.

a. Is support for economic defense as presently limited by the CoCom list strong enough to maintain the status quo or is there a prospect for further weakening

b. Are the present CoCom controls adequate to achieve a substantial impact on the military potential of the Soviet Union (Defense Department's judgment seemed to be to the contrary)?

4. Finally, this task group should present for consideration conclusions as to the implementation of current NAC policy in achieving the current policy's stated objectives."

The questions and points raised below may be helpful in focusing the discussion of the Staff Committee:

On Point 3: - To what extent do CoCom member governments accept and support the objectives of economic defense vis-a-vis the Soviet bloc? Which governments are the stronger in such acceptance and/or support? Are special reasons involved? Are there considerations which make their support less than they would prefer to offer, e.g., special political or economic pressures? Which of these have been willing to work toward increasing support by other CoCom countries or other cooperating countries? Which CoCom countries are weak in their acceptance and/or support of the economic defense objectives? Are there special reasons involved? To what extent do they give preference to general commercial considerations rather than to security considerations on this program? Is there any feasible way to

Thinks that there is support for something

- 2 -

strengthen their acceptance and support for the program?

To what extent have the recent discussions on administrative principles and exceptions procedures reflected strengthening, maintenance of status quo or weakening of support for the program? To what extent can reasonable application of these principles and exception procedures be expected? Will the multilateral program's effectiveness be further undercut by frequent and liberal exceptions and by unilateral actions?

To what extent will the October, 1959 list review be used by CoCom countries to make further inroads on the multilateral program? What parts of the lists would be most likely to be attacked? Are specific indicators of such intent available? Which countries would lead any such effort? Which support? Which inclined to oppose? Could the lists be strengthened by such review? In what areas? Which countries would support strongly? Which oppose? Why?

In October, 1959 review will criteria again become a controversial problem?

Are the current multilateral lists alone adequate to achieve a substantial adverse impact on the military potential of the Soviet bloc? In the military-industrial? If so, in which areas is the impact strongest? In which, weakest? To what extent do CoCom's controls reflect unilateral control potential of U.S.? To what extent do other countries contribute to effectiveness beyond U.S. unilateral capabilities? Are administrative principles, exception procedures, and enforcement activities adequate in achieving a substantial adverse impact on the Soviet bloc?

What about technical data and services? Are CoCom controls adequate? Do they achieve a substantial adverse impact? Could they be made to achieve such an impact?

What is CoCom's thinking about security controls and economic warfare type activity of Soviet bloc? What of Portugal's comment on this at July CC meetings? What of concern expressed by Netherlands recently to Mr. Smith?

In Point 4: - Examine statement of current U.S. economic defense policy with respect to U.S., bilateral and multilateral controls. Determine whether current U.S. implementation is adequate or inadequate and, in either case, whether improvement is feasible? If so, make specific suggestions for improvement. Along the points examined pay particular attention to the following areas?

1. Technical data and services;
2. Undue economic reliance and preventive counter-economic penetration problems;
3. Adequacy of current investigation of technical investigation of technological developments for listing purposes;
4. Adequacy of transaction controls coverage;
5. Adequacy of other anti-frustration measures and enforcement activity;
6. Reorientation of CoCom effort to WAF;
7. East-West exchange program re technical data

Export Policy Staff

JGGeorge:wnk

cc: Signer

FDHockersmith

J. Michael George

~~CONFIDENTIAL~~